

Message Text

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70

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00 PA-04 PRS-01

USIA-15 COME-00 FRB-03 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /190 W

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R 140909Z AUG 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3923

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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PASS TREASURY AND FEDERAL RESERVE

E.O. 11652:N/A

TAGS: EFIN, JA

SUBJECT: JAPAN'S BALANCE OF PAYMENTS IN JULY - PROVISIONAL

SUMMARY: OVERALL DEFICIT SHARPLY REDUCED BY OVER \$1 BIL
IN JULY TO ONLY \$100 MIL, CURRENT ACCOUNT ALSO SHOWED
SIGNIFICANT IMPROVEMENT FROM JUNE. TRADE BALANCE (UNADJUSTED)
RECORDED SURPLUS OF \$320 MIL. NET OUTFLOW OF LONG-TERM CAPITAL
FELL FROM \$625 MIL IN JUNE TO \$410 MIL IN JULY. ON SEASON-
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ALLY ADJUSTED BASIS, CURRENT ACCOUNT IMPROVED

SLIGHTLY WITH TRADE BALANCE REGISTERING SURPLUS OF \$101 MIL.
END SUMMARY.

1. SEASONALLY ADJUSTED EXPORTS UP BY 1.1 PERCENT, WHILE IMPORTS UP 3.0 PERCENT AND SURPLUS ON TRADE BALANCE \$101 MIL. EMBASSY ESTIMATE OF IMPORTS (S.A) EXCLUDING OIL AMOUNTED TO \$3,195 MIL WHICH SOMEWHAT LOWER THAN IN JUNE (SEE TOKYO 9323). TRADE BALANCE EXCLUDING OIL (S.A). ROSE TO SURPLUS OF \$1,660 MIL IN JULY.

2. IN JULY, UNADJUSTED TRADE BALANCE IMPROVED SUBSTANTIALLY, RECORDING SURPLUS OF \$320 MIL AS COMPARED TO SURPLUS OF \$34 MIL IN JUNE. CURRENT ACCOUNT FOR JULY RECORDED DEFICIT OF \$180 MIL, REPRESENTING IMPROVEMENT OF \$401 MIL FROM JUNE. NET OUTFLOWS OF LONG-TERM CAPITAL DROPPED \$215 MIL FROM JUNE LEVEL TO \$410 MIL. AS RESULT, BASIC BALANCE REGISTERED DEFICIT OF ONLY \$590 MIL COMPARED WITH JUNE DEFICIT OF \$1,206 MIL. SHORT-TERM CAPITAL, INCLUDING ERRORS AND OMISSIONS, RECORDED INFLOW OF \$290 MIL. OVERALL DEFICIT OF \$200 MIL WAS NOT FINANCED AT ALL AS NET INFLOW OF BANKING AND OTHER FUNDS WAS NIL. AS RESULT OFFICIAL NET ASSETS DECREASED BY \$200 MIL.

3. IMPORTS ROSE SHARPLY IN JULY, INCREASING 72.1 PERCENT FROM JULY 1973 (UNADJUSTED) TO \$4,770 MIL. ON SEASONALLY ADJUSTED BASIS, THEY WERE 3.0 PERCENT HIGHER THAN JUNE AT \$4,754 MIL. EXPORTS, HOWEVER, ALSO ROSE IN JULY TO \$5,090 MIL UP 56.3 PERCENT FROM JULY 1973 (UNADJUSTED). ON SEASONALLY ADJUSTED BASIS JULY EXPORTS 1.1 PERCENT HIGHER THAN JUNE AT \$4,855 MIL. MOST OF IMPROVEMENT REPORTEDLY CONCENTRATED IN STEEL (UP 110.8 PERCENT FROM JULY 1973), AUTOS (UP 43.6 PERCENT FROM JULY 1973), MACHINERY (UP 38.0 PERCENT FROM JULY 1973), AND CHEMICAL PRODUCTS (UP 111.9 PERCENT FROM JULY 1973). CONSEQUENTLY, TRADE BALANCE IN SURPLUS BY \$101 MIL (SEASONALLY ADJUSTED) COMPARED WITH JUNE SURPLUS OF \$185 MIL (REVISED).

4. PROVISIONAL UNADJUSTED JAPANESE BALANCE OF PAYMENTS IN JULY IN MIL DOLLARS (JULY 1973 DATA IN PAREN):
OVERALL BALANCE MINUS 200 (MINUS 657); EXPORTS 5,090 (UP UNCLASSIFIED

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56.3 PERCENT FROM 3,756); IMPORTS 4,770 (UP 72.1PERCENT FROM 2,772); SERVICES AND TRANSFERS COMBINED MINUS 500 (MINUS 290); LONG-TERM CAPITAL MINUS 410 (MINUS 1,012); SHORT-TERM NONMONETARY CAPITAL AND ERRORS AND OMISSIONS PLUS 390 (PLUS 161). RATE OF EXCHANGE USED FOR JULY WAS 290.32 PER DOLLAR AND FOR JUNE 282.94 PER DOLLAR.

5. FINANCING OF OVERALL DEFICIT IN JULY (JULY 1973 DATA

IN PAREN) AS FOLLOWS: COMMERCIAL BANKS NET (AS WELL AS GROSS)
SHORT-TERM BORROWING ABROAD NONE (I.E. REMAINED UNCHANGED FROM END
OF JUNE LEVEL) (\$492 MIL); OFFICIAL ACCOUNTS DECREASE IN NET
ASSETS \$200 MIL (MINUS \$165 MIL); PUBLISHED OFFICIAL RESERVES
DOWN \$225 MIL IN JULY TO \$13,204 MIL. GOLD AND FOREIGN EXCHANGE
TOTALLED \$12,045 MIL, GOLD TRANCHE \$645 MIL, AND SDR'S \$514 MIL.

6. CUSTOMARY DETAILS ON CUSTOMS EXPORTS TO BE REPORTED
IN SEPTTEL.
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